

Message Text

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ORIGIN EA-04

INFO OCT-01 ISO-00 /005 R

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DRAFTED BY: EA/IMS:ADORNHEIM

APPROVED BY: EA/IMS:JMDION

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R 071724Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY THE HAGUE

C O N F I D E N T I A L STATE 093668

AMSTERDAM FOR USDEL TO IGGI-16

FOLLOWING REPEAT JAKARTA 5446 ACTION SECSTATE MAY 4,

QUOTE

C O N F I D E N T I A L JAKARTA 5446

EO 11652: GDS

SUBJ: IGGI-16

REF: STATE 088624

1. WITH REFERENCE WIDJOJO QUERY TO GORDON, WE SEE
POTENTIAL ADVANTAGES IN SHIFTING CHAIRMANSHIP OF
IGGI FROM NETHERLANDS TO INDONESIA, AND PERHAPS
CHANGE IN VENUE TO INDONESIA AND/OR OTHER DONOR
CAPITALS ON ROTATING BASIS. WE DO NOT BELIEVE WE SHOULD OPPOSE.

2. FROM INDONESIAN STANDPOINT, CHANGE COULD SERVE
TO SYMBOLIZE INCREASING SELF-RELIANCE, AND WOULD BE
HELPFUL IN ALLAYING CRITICISM OF TECHNOCRATS AS TOO
MUCH UNDER INFLUENCE OF IGGI. TO THE EXTENT THAT
THE MOVE IMPROVES THE POLITICAL VIABILITY OF A
CONTINUED ECONOMIC MANAGEMENT ROLE FOR THE TECHNOCRATS,
BOTH US AND INDONESIAN INTERESTS WOULD BE WELL SERVED.

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3. FROM DUTCH STANDPOINT, PRONK MAY FIND IGGI CHAIRMANSHIP A SOURCE OF SOME EMBARRASSMENT WITH HIS POLITICAL CONSTITUENCY AND A LIMITING FACTOR IN DETERMINING DUTCH AID POLICIES TOWARDS INDONESIA. IF SO, HE MIGHT WELCOME CHANGE IF IT CAN BE ACCOMPLISHED GRACEFULLY AND WITHOUT REFLECTION ON THE USEFULNESS OF THE ROLE HE AND THE DUTCH HAVE PLAYED.

4. FROM DONOR STANDPOINT, WE ARE INTERESTED MAINLY IN SOUNDNESS OF GOI ECONOMIC POLICIES AND COORDINATION OF DEVELOPMENT PROGRAM AID. ASSUMING IBRD AND IMF CONTINUE PARTICIPATION AND MEMBERS FREE DETERMINE AGENDA AS AT PRESENT, WE SEE NO NECESSARY LOSS OF SUBSTANTIVE VALUE OF IGGI.

5. ON BALANCE, THEN, WE SEE REAL POTENTIAL POLITICAL AND PSYCHOLOGICAL ADVANTAGES TO SHIFT PROPOSED BY WIDJOJO WHICH WOULD HELP STRENGTHEN HIS DOMESTIC POSITION AT A TIME OF TRANSITION IN INDONESIA'S RELATIONSHIP WITH ITS DONORS. ACCORDINGLY SUGGEST US SHOULD EXPRESS INTEREST IN IDEA IF ASKED, STATE WILLINGNESS CONTINUE PARTICIPATION UNDER DUTCH OR INDONESIAN CHAIRMANSHIP, AND INDICATE WE WILL BE PLEASED ACCEPT ANY SOLUTION WORKED OUT BETWEEN GOI AND NETHERLANDS AND GENERALLY AGREEABLE WITH OTHER MAJOR DONORS.

6. RE TIMING OF NEXT MEETING AND FREQUENCY OF FUTURE SESSIONS, ISSUE IS NOT HIGHLY SUBSTANTIVE AND SUGGEST WE CAN SAFELY BE GUIDED MAINLY BY INDONESIAN WISHES. DURING CONVERSATION WITH USAID DIRECTOR MAY 2 (REPORTED SEPTEL), WIDJOJO SAID HE HAD NOT YET CONSIDERED MATTER, WELCOMED REMINDER THAT OTHERS WERE CONCERNED ABOUT THIS AND WOULD HAVE HIS VIEWS IN ORDER FOR AMSTERDAM. HE DID ACKNOWLEDGE THAT LINKAGE BETWEEN THE AID REQUEST PRESENTED TO THE IGGI DECEMBER MEETING AND THE ANNUAL BUDGET PRESENTED TO PARLIAMENT IS NO LONGER CLOSE, AND INDICATED POSTPONEMENT UNTIL SAY APRIL, NOT UNTHINKABLE. R NEWSOM

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UNQUOTE RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING CHAIRMAN, NOMINATION, FOREIGN ASSISTANCE, RELATIONS WITH INTERNATIONAL ORGS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE093668
Document Source: CORE
Document Unique ID: 00
Drafter: EA/IMS:ADORNHEIM
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740111-0541
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740567/aaaacihc.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 088624
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2002 by boyleja>; APPROVED <05 FEB 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IGGI-16
TAGS: EAID, NL, ID, IGGI
To: THE HAGUE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005